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Tan Dhesi MP
Chair of the House of Commons Defence Committee
Sent electronically

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Dear Mr Dhesi,

I was grateful for the opportunity to provide evidence to the Committee, alongside the Defence Secretary and the Vice Chief of Defence, at the session on 2 July. I hope that you and the Committee gained useful insight into the scale and pace of work underway following the publication of the Strategic Defence Review (SDR) and as part of the Department's major programme of reform.

I was pleased to hear you and the Committee acknowledge the support and engagement you have received from the MOD in enabling your important role in scrutinising the Department, including through the provision of open and closed briefings and supporting visits in the UK and abroad. I do recognise, however, that the timeliness of sharing information with the Committee has not always met the commitment that the Ministerial Team and I made to improving transparency. I apologise.

A clearer protocol is now in place to drive improvements to follow up queries within 10 working days. If we cannot get all the information together in that timeframe, however, the Department will send what information it has and set a clear deadline for completion rather than waiting until all the queries can be answered at once.

At the session, and in response to your letter of 8 July, I committed to providing responses on the outstanding areas, which are attached at Annex A. We also agreed to provide private briefings on NATO Capability Targets, and I have asked officials to coordinate with the Clerks to arrange these at the earliest opportunity.

Yours sincerely,

DAVID WILLIAMS

Annex A

A note on the current headcount of the Department and the plans to reduce it, including whether there are any plans to reduce the number of generals, admirals and air marshals.

The MOD's civil servant workforce was 55,802 FTE on 1 April 2025, including the Royal Fleet Auxiliary but excluding Locally Engaged Civilians, Non-Department Public Bodies, contractors, and short-term employees. This represented a decrease of 2,073 FTE (3.6%) compared with 1 April 2024 and a decrease of 1,948 FTE (3.4%) compared with 1 October 2023. Data on the MOD's civilian workforce is published biannually. The latest data sets from April 2025 are available at MOD biannual civilian personnel report: April 2025 (revised 16 May 2025) - GOV.UK and from October 2024 at: MOD biannual civilian personnel report: October 2024 - GOV.UK.

As I set out to the Committee, the SDR sets out an ambition to reduce civil service workforce costs by approximately 10% over the remainder of this Parliament. This objective aligns with the cross-Government target to reduce administration costs across all Departments, with an additional stretch to achieve further efficiencies. Importantly, the focus is on reducing the overall pay bill and workforce costs rather than solely targeting headcount reductions. This approach provides the flexibility to invest in areas requiring growth, such as cyber and digital skills, while also considering opportunities for civilianisation or the use of permanent civil servants, contingent labour, or external assistance. The number of civil servants within defence is down from a peak of 58,090 FTE in January 2024, with further reductions anticipated.

As part of the Defence Investment Plan (DIP), a series of efficiency and productivity measures are being developed to achieve financial gains of £6 billion over the period, which will be reinvested into frontline capability.

These efforts will be detailed in a Defence Reform and Efficiency publication, expected to be released in the Autumn, either as part of or alongside the DIP. While the Civil Service within Defence is expected to become smaller, it will also become more capable, better trained, more agile, and more deployable. Against the backdrop of the SDR's ambitions and continuing investments, defence remains an excellent and rewarding environment for civil servants, offering opportunities to contribute to meaningful change and the delivery of critical national objectives.

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These efforts will be detailed in a Defence Reform and Efficiency publication, expected to be released in the Autumn, as part of the DIP. This will include the efficiencies driven through Defence Reform, People, Infrastructure, Technology and Acquisition; and will integrate Defence's commitments to deliver a Productive and Agile State. While the Civil Service within Defence is expected to become smaller, it will also become more capable, better trained, more agile, and more deployable. Against the backdrop of the SDR's ambitions and continuing investments, defence remains an excellent and rewarding environment for civil servants, offering opportunities to contribute to meaningful change and the delivery of critical national objectives.

Military Officer Headcount

There are no formal targets to reduce senior military headcount. As at 1 April 25 there were 472 “star officers” (NATO Rank OF-6 and above: Commodore, Brigadier and Air Commodore and above) in the UK Regular Armed Forces. UK Regular Forces are Full-time Service personnel, including Nursing Services, but excluding Full-Time Reserve Service (RTRS) personnel, Gurkhas, mobilised Reservists, MPGS, LEP and NRPS. This data can be accessed at Quarterly Service Personnel Statistics: 2025 - GOV.UK (Tables 11a and 11c).

As at 1 April 25 there were 87 “star officers” (NATO Rank OF-6 and above: Commodore, Brigadier and Air Commodore and above) in the Future Reserves 2020 (FR20). FR20 includes Volunteer Reserves who are mobilised, HRR and Volunteer Reserve Personnel serving on ADC or FTRS contracts. Sponsored Reserves are also included in the Army Reserve FR20. Non-Regular Permanent Staff (NRPS), Expeditionary Forces Institute (EFI) and University Officer Cadets and Regular Reservists are excluded.

To provide information on what percentage of the fighting force was represented by 10,000 personnel deployed in 50 operations around the world.

As the Secretary of State referenced in his introductory session with the Committee, we have approximately 10,000 deployed troops in 50 countries, supporting a variety of tasks including our commitments to NATO, training, diplomacy, and humanitarian aid. The specific numbers of personnel assigned to each overseas deployment changes regularly, and for national security reasons it would be inappropriate to go into detail. We are prepared to offer a closed briefing on our overseas posture and commitments should the Committee find this helpful.

Armed Forces Continuous Attitudes Survey

The Defence Secretary referenced at the committee hearing that the latest figures from the Armed Forces Continuous Attitudes Survey (AFCAS) 2025 are now available. These can be found at: Armed Forces Continuous Attitude Survey: 2025 - GOV.UK.

A note on the precise recruiting pipeline timelines as set out by the Secretary of State for Defence at the party conference and a note on the Capita recruiting pipeline.

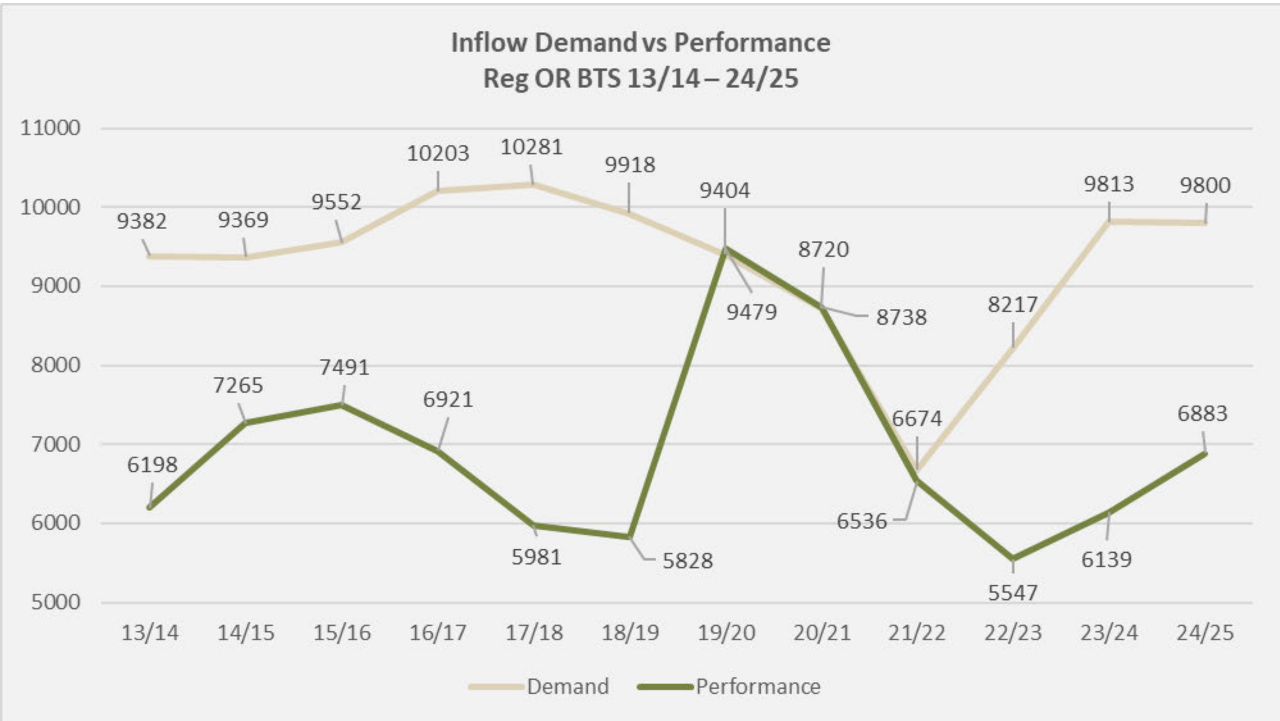
Recruiting Pipeline
Vice Chief Dame General Sharon Nesmith set out at the hearing the two innovative initiatives stemming from the recruit and retention sprint that was initiated at the start of the Defence Secretary’s time in office. One of these is informally referred to as the "10-day/30-day piece." The concept involves making a conditional offer to applicants within 10 days of completing basic eligibility checks. This is a behavioural approach aimed at demonstrating commitment to applicants by saying, “We want you as part of our team.”

By the 30-day mark, after conducting further checks—or in some cases, even before completing them—the MOD engages with applicants to provide a provisional start date for their basic training. This process aligns with their expectations, our capabilities, and the timeframe, ensuring a clear commitment is made within 30 days.

To date, we have issued approximately 9,000 of these commitment letters. However, we are working under a specific remit and will report back to the Secretary of State by mid-August, aiming to extend this process to all eligible applicants. Applicants residing overseas are currently excluded due to practical challenges in implementing the initiative for them.

The Department is currently focusing on three key areas for recruitment and retention. Firstly, cyber skills are being addressed through the cyber direct pathway, which aims to attract talent in this critical domain. Secondly, challenges persist in recruiting and retaining STEM-based trades, particularly in engineering. To address this, a more comprehensive approach has been implemented, including a financial retention incentive for engineers, which has achieved strong uptake. Lastly, healthcare remains a significant area of concern. Efforts to address workforce gaps in this sector will require close collaboration with the NHS to develop effective and sustainable solutions.

RPP Performance. The chart below provides the break-down of the Recruiting Partnering Project (RPP) recruiting performance[1] for regular soldiers from 13/14 to 24/25.



[1] Measured in Basic Training Starts (Regular) and Enlistments (Reserves)

Figure 1. RPP Regular Soldier Performance from 13/14 to 24/25. [2]

Performance from 13/14 to 18/19. Both the Army and Capita bear responsibility for a poor start to the RPP contract. This led to an RPP contract and partnership reset by 18/19 including a new Target Operating Model, a 3-star led Army Personnel Campaign overseen by a dedicated Army team and a decision to recruit in the short-term to an overall numerical recruiting target rather than one determined by the aggregate of all capbadge / role specific recruiting targets (referred to as 'size over shape').

Performance from 19/20 to 22/23. The reset measures taken in 18/19 allowed for a notable performance increase in 19/20. This was largely sustained through 20/21 (hit by the Covid pandemic) and 21/22 by the improved volume of active candidates already in the recruiting pipeline by the start of 2020. However, from 20/21 to 22/23 RPP saw a consistent decline in new applications that proved difficult to arrest due to the post-Covid economic labour market conditions.

Performance since 22/23. The RPP response from late 2021 was to re-inflate application numbers through investing in marketing and to seek to further optimise conversion measures, including time of flight through the recruiting process. This attracted wider Capita and Army investment, prioritisation and support, resulting in a 6 year high for applications since early 2024 and an active candidate pipeline now returning to 19/20 levels. Due to the time of flight from application to loading to Basic Training, performance improvement takes time but has been building through RY 24/25, during which 12% more regular soldiers were recruited than in RY 23/24.

Minister for the Armed Forces Luke Pollard MP set out the way forward on Armed Forces recruitment in a Written Ministerial Statement laid in the House of Commons in February: Armed Forces Recruitment - Hansard - UK Parliament.

A note on the Annington Homes deal (to buy back Service Families Accommodation) including detail on the value for money assessment.

In 1996, the MOD granted a 999-year lease for over 55,000 SFA properties to Annington Property Ltd and immediately leased the homes back on 200-year underleases, in what was effectively a sale and leaseback agreement.

The MOD tested our right to enfranchisement with eight original test case units, with the High Court ruling in the MOD's favour in May 2023. Following this comprehensive success, the MOD was able to agree to repurchase the houses from Annington, providing a once-in-a-generation opportunity to address the long-term decline in military housing and deliver better value for money to the taxpayer.

On 17 December 2024, the MOD announced a deal to repurchase 36,347 Service Family Accommodation (SFA) homes from Annington Property Ltd at a cost of £5,994,500,000. In addition, the MOD paid a final rent settlement worth £62 million

[2] Data sourced from the Directorate of Army Recruiting and reflects single Service estimates. Figures are for Regular Army OR only, excluding Gurkhas and FTRS. Figures have been rounded to 10 for presentational purposes; numbers ending in "5" have been rounded to the nearest multiple of 20 to prevent systematic bias.

and will make a final hand back of properties to Annington totalling £55 million by the end of the next Financial Year. The deal completed on 9 January 2025.

While the MOD sold around 55,000 houses to Annington in 1996, part of the deal included the requirement to hand back hundreds of empty properties to Annington each year. More than 18,000 such properties have been handed back since then. The MOD is therefore buying back 36,347 houses.

The Office for National Statistics have agreed to score the fiscal treatment of the deal rather than the budgetary treatment in the Government's accounts. This is calculated as the difference between the cost of the deal (£6.0bn) and the estimated value of the MOD's lease liability under IFRS16 (£4.3bn). This results in a CDEL cost of £1.7bn.

Assessment against AO Standards

Regularity

The deal is a consensual arrangement between MOD and Annington, and being an acquisition of land and property, is within MOD's general legal competence. The deal also received the necessary Departmental and HM Treasury approvals.

The deal complies with Parliamentary requirements for the control of expenditure with programme funds being applied only to the extent and for the purposes authorised by Parliament. The £1.7bn cost has been funded by HMT. A Contingency Fund Advance for the £6.0bn cost of the transaction was notified to Parliament on 6 January 2025. Parliamentary approval for the additional capital and cash requirements will be sought through Supplementary Estimates.

Propriety

The expenditure is entirely proper. As noted above, the deal complies with Parliamentary requirements for the control of expenditure, with programme funds being applied only to the extent and for the purposes authorised by Parliament.

Value for Money

The deal negotiated represents the best possible value to taxpayers. We have repurchased the estate for £6.0 billion, however Annington value the properties at £10.1 billion when not subject to leases[3]. Most of the properties are occupied by service personnel, for whom the houses are designed, which restricted what Annington could practically do with the properties.

As required by the HM Treasury Green Book, the MOD, supported by advice from UK Government Investments and professional external valuers and advisers, has performed an analysis comparing the cost of the status quo to the cost of reacquiring the estate. This found that the net present cost of the lease arrangements was

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[3] This means the properties are valued on the basis of a hypothetical market value of the homes as if they were vacant and had no tenants or leases. However, as the MOD held a 200-year lease from Annington, we are paying a much lower figure than the hypothetical vacant possession value.

£10.1 billion, compared to the reacquisition cost of £6.0 billion. Reacquisition of the estate represents an economic benefit of £4.1 billion.

The deal therefore offers excellent value for money in its own right. However, it also opens up the opportunity to redevelop the SFA estate, which will improve the quality of life for our service families as well as supporting the Government's growth agenda. Further analysis of this opportunity will be undertaken as part of our new military housing strategy to ensure best value to the taxpayer.

Feasibility

The deal completed on 9 January 2025 and transacting at this point offered the best value to the taxpayer by avoiding costs associated with further rent increases.

Analysis of the feasibility of redevelopment options for the SFA estate will be undertaken as part of the military housing review.

A note on the recent DE&S 'wargame' with industry (Q70).

Wargame Exercise

By way of initial context, Planned Force Testing-10 and the US Globally Integrated Wargame (GIWG) concluded that in an era of Great Power Competition our Supply Chains and Industrial Base are critical to the delivery of conventional deterrence and our ability to mobilise and surge for war. They also identified that our Supply Chains are largely designed for peacetime operating (with minimal resilience), not war. Industry has a limited understanding of Defence's demands, and Defence in turn has a limited appreciation of industry's inherent capacity and what it would take – in terms of resource and time - to achieve mobilisation.

To ensure Defence acts on these insights, an Industry Wargame series was commissioned. The wargame was designed in consultation with stakeholders from across Defence including Defence Equipment & Support (DE&S), industry, the Front Line Commands and wider MOD. The game provided industry with a demand signal, timings, and a contested scenario (how we think the enemy may seek to interfere with production). This credible scenario provided a structure to enable an open and engaging safe-to-fail environment for the participants, allowing us to test the UK's ability to sustain critical Defence supply chains at a time of conflict and better understand what decisions we need to take, including the measures we need to impose or design in the pre-conflict planning stages.

This wargame exercise, the first in a proposed series, was conducted between 2-3 December 2024.

The headline themes that emerged were as follows:

- **Firstly, we are already operating in an environment of credible sub-threshold threat and activity.**
- **Secondly, the question of the relationship between Government, Society, and its Armed Forces (including industry).**

- **Thirdly is the link to the plan, and what is it that gives us strategic leverage.**
- **Finally, we must also do things quicker.**

Next Steps. Four packages of work were identified at the wargame:

i. Secure communication with industry;
ii. Threat briefs and sharing classified intelligence;
iii. Identifying quick wins to speed up regulations;
iv. Taking wargame methodology out to industry boards.

The appetite from industry to work closer together in these turbulent times was tangible, which is vital as we continue to face acute and rising threats against a backdrop of rapid technological advancement and disrupted supply chains. The evolution proved that as the world changes, we must change too. The overarching request was for the ‘big idea’. A combination of initiatives such as Defence Reform, the outcomes of the SDR, Spending Review (SR) and the Defence Industrial Strategy (DIS) will help us deliver the required campaign plan.

Information about the real terms movement in overall defence spending between 2022-23 and 2023-24, when you exclude the extra spending on International Financial Reporting Standards 16 (Leases) in 2022-23.

The MOD implemented IFRS 16 in 2022-23. Removing a long-standing audit qualification, this resulted in £1.9 billion of Rights of Use assets being recognised for the first time. On transition to IFRS 16, the standard was retrospectively applied with the cumulative effect recognised as an adjustment to opening balances. No budget entry was made for the cumulative catch up and no Prior Period Adjustment (PPA) was required. This means the impact of initial recognition did not impact on the MOD’s budget or outturn in 2022-23 and that the decrease was inflationary driven.